

# An Agency of the State of Hawaii

Stadium Authority Meeting 99-500 Salt Lake Boulevard Honolulu, Hawaii 96818 May 29, 2008

Members Present

Kevin Chong Kee, Chairman

Kathryn Inouye

Alexander Kane, Jr.

Marcia Klompus

Kenneth Marcus

Nelson Oyadomari

Alan Tamayose

Staff

Scott Chan

Lois Manin

Deborah Ishihara

Stephen Lee

Andrew Chang

Members Absent

Kay Ahina

Marvin Fong

Shelly Shoji

Liane Nakagawa

Shawn Nagata

Engel Garcia

#### Others

John Dellera, Deputy Attorney General Randall Nishiyama, Deputy Attorney General Davy Murayama, Centerplate Sam Shenkus, Centerplate's Marketing Consultant Neumann Shim, Swap Meet Vendors Association Ashley Harding, Swap Meet Vendors Association Edmund Gouveia, Swap Meet Vendors Association Shannon Wood Nancy Cheung, Vendor

#### I. CALL TO ORDER

A quorum being present, Chairman Kevin Chong Kee called the meeting to order at 10:05 a.m.

# II. APPROVAL OF MINUTES OF THE APRIL 24, 2008 MEETING, AND THE MINUTES OF THE MAY 5, 2008 SPECIAL MEETING.

ON A MOTION BY MEMBER KANE TO ACCEPT THE MINUTES OF THE APRIL 24, 2008 MEETING, AND SECONDED BY MEMBER MARCUS, THE BOARD UNANIMOUSLY APPROVED THE MOTION.

ON A MOTION BY MEMBER KANE TO ACCEPT THE MINUTES OF THE MAY 5, 2008 SPECIAL MEETING, AND SECONDED BY MEMBER TAMAYOSE, THE BOARD UNANIMOUSLY APPROVED THE MOTION.

#### III. MONTHLY REPORTS

# A. Stadium Manager's Report

# Wowowee

This event turned out better than anticipated. Gross tickets sales were over \$600,000; and over 10,000 tickets were sold. Stadium's income from the event was approximately \$75,000-\$80,000.

# Time & Attendance System

This system will be used to streamline work schedules (five branches that have 500-600 part-time employees), and at the same time provide security.

#### Capital Improvement Projects (C.I.P.)

Funding for our C.I.P. projects and our budgeted increases have been approved.

#### Graduations

Stadium staff will be challenged this weekend with the overlapping of the following events: 50<sup>th</sup> State Fair; Swap Meet; and three (3) graduation ceremonies.

### Advertising IFB

Listed below is an update of the IFB:

June 2, 2008 – Submittal of Intention to Bid and answering their questions.

June 10, 2008 - Bid Opening

TBD - Committee meeting prior to the Special Meeting.

June 19, 2008 - Special Board Meeting - Committee's recommendation to the Board.

Ms. Ishihara stated it has been posted and answers to bidders' written questions have been faxed to all of the firms that showed an interest in the IFB.

# Marketing/Sales Position

Hiring the marketing/sales individual on a year-to-year contractual basis should be completed within the next few weeks.

# Air Conditioning Contract

Stadium Manager requested that the second of three, 12-month extensions be granted to Honeywell International, Inc. There were no objections by the Board.

#### **BOARD COMMENTS**

# **Marquee**

Member Klompus requested an update on the status of the Stadium marquee, and also inquired about the possibility of it being completed by the start of the 2008 football season. Stadium Manager stated he will follow-up with Centerplate.

### Gate 1 - Resurface Road

Member Klompus requested that Stadium Manager look into resurfacing the entrance road at Gate 1, prior to the start of the football season. She suggested if it is not in the stadium's budget that perhaps D.O.T. may be able to assist. Mr. Chan will look at the options of using in-house personnel or D.O.T.

#### Stadium Pricing

Member Marcus reminded everyone that the pricing for the stadium has not been reviewed for over 20 years. He suggested that Stadium Manager start evaluating the various events being held at the stadium in relation to the current fees that are being charged; then, sometime after the 2008 football season, make his recommendations to the Board on whether the rentals should be higher or lower.

Stadium Manager stated that management is already in the process of evaluating contracts/cost. He also noted it is of great concern, not only with the contracts, but also with the concessions, parking, etc.

#### B. Approval of Events

Uhane Hemolele Pi'ikea (UHP)
 Family of the Living God/Hemolele in Christ Charity Auto Swap
 Monthly and/or Weekly Events

A presentation was made by: Pastor Marcus Souza;

Senior Pastor "Brother" Sage Chee; and Michael Styring (Buyer Specialist)

Their main purpose in opening a Charity Swap Meet at the Lower Halawa Parking Lot (LHPL) is to raise funds for the homeless. UHP is presently housing the homeless in Hauula; involved in feeding the hungry; and raising money through grants. Their funding is running short and they feel they can provide a service to the community and continue to help the homeless through the swap meet concept. The church provides the homeless with a 40-day emergency program which initially provides them with housing; requires them to participate in several hours of community service; provides basic life skills (i.e. personal hygiene awareness); and at the end of the 40-day period they re-enter the workplace and are ready to go out on their own.

The Charity Swap Meet would provide a place for sellers to show their cars to potential buyers and exchange information on the sale of the vehicles. Money transactions would take place off-site. Revenue to fund the homeless would be generated by the fees charged to the sellers.

#### **BOARD COMMENTS/QUESTIONS**

- 1. Members Inouye, Klompus and Marcus expressed support in UHP's mission to raise funds for the homeless; but were against supporting a religious organization with funds going into its general fund. They also noted that State Boards are not allowed to promote religious organizations;
- Member Marcus noted that there may be an issue on what the rental charge should be for this particular use; Stadium Manager will review this matter with Ms.Ishihara and Deputy Attorney General Dellera;
- 3. Member Klompus suggested (due to the expense in renting the LHPL) that UHP discuss their proposed plan with Centerplate and perhaps conduct their business at the Aloha Stadium Swap Meet; also, that they work through Stadium Manager and Deputy Manager on getting together with Centerplate;
- 4. Deputy Attorney General John Dellera stated the sale of automobiles, livestock, etc. are not allowed in Centerplate's contract; and that it could become a procurement issue since other bidders did not bid with the intention of selling cars;
- Member Marcus recommended that the Board look at the possibilities of waiving the restrictions on the sale of automobiles that is included in Centerplate's contract, in order to encourage this particular use (for that

- specific reason only). He also asked that the waiver request be on the agenda as soon as an action is appropriate.
- 6. Mr. Dellera stated if a material change is made in a deal that was put out for bid, he is not sure there could be an amendment to the existing contract or whether it would have to be put out for bids again;
- 7. Member Inouye stated there is also the possibility UHP could do business on their own on a trial basis; in that case, a waiver would not be necessary.
- 8. The Board the recommended that UHP rewrite their application, focusing more on: 1) Assisting the homeless; and 2) The finances are kept in a separate account and not in the church's general fund.

# REPRESENTATIVES FROM UHANE HEMOLELE PI'IKEA

- 1. Clarified that the funds do not go into the church's general funds and that they are kept in a separate account;
- 2. Attending church is not a requirement in order to join the 40-day program;
- 3. They will not be involved in money exchanges over the sale of the cars;
- 4. Test driving of vehicles would be off-site;
- 5. They will re-write their application and comply with the Board's requests.
- 6. Agreed that perhaps doing their business with Aloha Stadium Swap Meet is a good idea and will work with Stadium management and Centerplate.

Chairman Chong Kee advised Pastor Chee that they will be added to the June 26, 2008 Meeting Agenda at which time they may present a revised application.

2. Oahu Interscholastic Association (OIA)

Interleague:

August 15, 2008

(Friday)

OIA Semi-finals:

October 31, 2008

(Friday)

OIA Championship

November 7, 2008

(Friday)

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER OYADOMARI TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

3. Pearl City High School Graduation Ceremonies May 30, 2009 (Saturday)

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER OYADOMARI TO APPROVE THE EVENT. THE MOTION CARRIED UNANIMOUSLY.

C. University of Hawaii (UH) Athletic Director's (AD) Report

AD Jim Donovan presented three items for discussion:

# Change in Price Ranges for Ticket Sales

He will be requesting approval from the Board of Regents to have the flexibility of changing the price ranges for tickets at all of their sports events. He explained, if approved, the impact to Aloha Stadium would be as follows: South end zones (red/yellow), they are looking for a price reduction for season tickets and in the North end zone, basically all levels – looking at price reductions in season tickets and individual game tickets. The benefit to the stadium will be additional people in the stands. He noted it will take them some time to get the message out, assuming the Board of Regents approves their action memo.

# Update on Football Season Ticket Sales

To date they have received deposits representing more than 3,000 new tickets sold for this season, which represents approximately a little over 1,000 new net season ticket holders (an increase of approximately 5%). Mr. Donovan said it is a positive sign because they haven't really started their season ticket campaign.

# Additional Parking for the UH Football Season

Mr. Donovan stated he would like to move forward with a parking proposal for additional inner circle parking stalls for the 2008 UH football season. Discussions have taken place with the Koa Anuenue Board of Directors and they have approved the concept. He has also had discussions with the Aloha Stadium Management and is, therefore, requesting permission to move forward in that regard.

# Discussions

Member Oyadomari requested clarification on the location of the additional stalls. Mr. Donovan stated the entire inner circle would be reserved for UH and for employees working the event.

Stadium Manager said discussions have been ongoing regarding the parking. By providing UH with the additional inner circle parking (for prepaid parking permits), it allows us to do our part in supporting UH's scholarship programs, and at the same time minimize traffic at the main entrance.

Mr. Donovan said, if approved, a press release will go out stating it was a request that he made in the best interest of the athletic department. He will also express his

understanding that some people who have parked in those areas for a long time may not be pleased, but the reality is this will translate into approximately \$150,000 in additional funds for the athletic department which is about 10% of UH's current projected net deficit for next year. Also that those funds are needed to protect the product and if they don't start raising additional revenues, they will have to start making cuts that will affect the product, which in turn affects everyone. Stadium Manager said he also shares the same concerns as UH in trying to meet the needs of everyone who comes to the facility.

In addition, Mr. Donovan stated this move will create a revenue positive for the stadium over and above what it would normally earn.

Chairman Chong Kee stated that the Mr. Donovan and Stadium Manager are asking that the Board allow them to continue working out the proposal and they will report back to the Board at the next meeting.

Member Marcus inquired if action by the Board is required. Deputy Attorney General Dellera stated the rules provide that the stadium can enter in an agreement with the licensee to sell all or part of the parking and it does not require Board action.

The Board approved of the ongoing discussions with management and UH. Member Klompus requested a report at the next meeting and also a review of the outcome of the proposed plan at the end of the football season.

Member Inouye requested details of employee parking at the stadium. Stadium Manager described the various locations. Member Inouye stated the parking is a revenue issue and wanted to know the possibility of alternative parking for employees, with shuttle service to the stadium. Stadium Manager said they have entertained that thought in the past and said his concern is, for the part-time/intermittent employees, it is a way of making sure they do report to work on time, along with security issues. Stadium Manager added, we are looking at increasing the parking for UH by 1,500 stalls and will take into consideration on whether we need to relocate our employees. Member Inouye requested a more detailed report.

Parking Supervisor Engel Garcia reported the majority of the inner circle will be for UH reserved parking, with the exception of the TV crew, and managers that work from the beginning to the end of the day.

Mr. Donovan introduced his staff, Teri Chang, Assistant Athletic Director and Vince Baldemor, Executive Director for Koa Anuenue, which generates approximately \$2.5 million a year in funds for scholarships. Vince will work closely with the Koa Anuenue Board on the parking proposal and will get those

parking passes out to new potential customers. Mr. Baldemor said the additional 1,500 parking stalls will be a great help to the season ticket holders.

Sam Shenkus suggested to Mr. Donovan that UH may want to contact The Bus and Roberts Hawaii's School Bus Division on the possibility of having football express buses to tie in with the lower price packages for families.

### D. Centerplate/Swap Meet Monthly Report

Davy Murayama reported the Swap Meet received a lot of exposure as a result of a fundraiser for players to attend the Soccer Olympic Program on the mainland. Three colored ads were published in the newspapers with no cost to Centerplate.

Mr. Murayama reviewed their monthly report and noted for April, 2008 there was an 11% decrease in attendance from last year's figures. He explained the different scenarios that may have contributed to the decrease (i.e. Spring Break occurred at a different time in 2007, heavy rains, etc.). The increase of three out of four Sundays were due to an early Easter and possibly the distribution of flyers regarding the reduced rental rate promotion for the A, B, and C Rows. In an effort to increase sales, changes were made by compacting some of the selling areas. Stadium Manager said in viewing the attendance on Sunday, it appeared to be one of the best that he has seen. He was pleased to see that the stalls in sections 12, 13 and 14 were full.

For the month of August, they will have a Saturday Special Vendor Rates Promotion, reducing the rental from \$15 to \$10 for Made in Hawaii, Produce vendors, the Military, and free for Non-Profit Organizations – a once a month reduction for each category. This is an effort to increase traffic on Saturdays.

Mr. Murayama said he spoke to MWR about the possibility of relocating their garage sale to the Swap Meet instead of having it at Richardson Field (every two to three months). He received a positive response from MWR.

Member Klompus suggested that Mr. Murayama schedule a tour on a Sunday for the Board to observe the Swap Meet activities.

#### VENDOR COMMENTS

Brian Whitney (vendor) – stated that his product (lanterns and star lamps) are unique and are categorized incorrectly (as "home and bath"). He feels his products should have a different category – to allow him in the D-Row.

Deputy Manager Manin said she discussed this issue with the Consultant and is certain that it will be addressed in his report.

Mr. Murayama said he is waiting for the Consultant's recommendations and hesitates to make changes that may conflict with his report.

<u>Nancy Cheung (vendor)</u> - stated the rules for new vendors are unfair; the categories are vague; and the lottery relocation rules are not fair.

Member Klompus advised Ms. Cheung to address her concerns in writing and forward them to Deputy Manin who will forward them to the Consultant.

<u>Lesley Harding (Vendor Association)</u> - stated Rule #37 allows Centerplate the option to give special consideration for certain vendors. He also noted that the existing problems could be resolved if management refers to the Vendors Association's product category list which they previously submitted.

# Edmund Gouveia (Vendor Association)

Inquired about the status of the Swap Meet Consultant's report. Deputy Manager reported that the deadline has been extended for another month due to additions made to the scope of work.

# **BOARD & MANAGEMENT COMMENTS**

Member Tamayose asked Neumann Shim, if there is a problem with "no rules?" Mr. Shim said it is a big problem. Deputy Manin said they tried the "no rules" which proved unsuccessful. Mr. Shim said there are two extremes: the first is "no rules" and the other extreme is that it is so detailed that the categories are too hard to monitor. They don't want "no rules" because it protects some of the 20-year vendors from unfair competition coming in for the day and cutting prices — it happens all the time. He feels there needs to be a reassessment of the project category rules. The example is Mr. Whitney's situation.

Member Marcus suggested that management revisit the categories and make some changes since the existing ones are not working.

Chairman Chong Kee and Board Members advised the vendors that their situations will have to be addressed after the Consultant's report is turned in. They also asked Mr. Murayama to use his discretion and help wherever he can.

The Deputy Manager and Mr. Murayama stated that every effort is being made to accommodate the needs of the vendors.

Stadium Manager said he sympathizes with the vendors, but is having a difficult time with these challenging situations. It is his understanding (and would like to verify) that Ms. Cheung is being placed in an area where she wants to be, and is aware of the relocation policy (Ms. Cheung confirmed.) He feels it is very unfortunate that Mr. Murayama is being punished for trying to accommodate the vendors in their chosen locations. He strongly believes that Mr. Murayama is not intentionally creating the problems and is doing the best he can on a case-by-case basis. Ms. Cheung admitted that Mr. Murayama is trying to help.

Mr. Murayama did mention to Manager Chan on several occasions that they need to create more categories to give people an opportunity to sell new products at the swap meet. At the same time, he is also receiving complaints from people who are opposed to it because it will affect their revenue source. That is the bottom line.

#### IV. UNFINISHED BUSINESS – DISCUSSION AND APPROPRIATE ACTION

A. E.K. Fernandez (EKF) - Presentation by Scott Fernandez and Donna Smith for consideration of a long-term contract at Aloha Stadium

Chairman Chong Kee asked Scott Fernandez to summarize his presentation from the last meeting.

Scott Fernandez presented a budget that includes their expenditures during the proposed 10-year contract. They also prepared a use clause, replacing the exclusivity clause previously submitted to the Board.

#### EKF's Investments

Mr. Fernandez stated during the first five (5) years of the proposed contract, they intend to invest in a mobile stage (a fold-up system) at a cost of \$327,000, plus mobile bleachers (8 units), for a total investment of approximately \$700,000. The stage would enhance EKF's ability to hold entertainment events at the Lower Halawa Parking Lot (LHPL). EKF would also allow the stadium and other licensees to rent this equipment for events when not in use. After the 50<sup>th</sup> State Fair, they plan to install additional anchors at a cost of \$50,000.

During the second five years of the proposed contract, they would install a comfort station, which would be permanently located at the stadium. The estimated cost is \$325,000, but it could cost much more (maybe double).

Member Klompus inquired if this would be an opportunity for EKF to bring in entertainment during non-carnival dates, which could also increase revenue for the stadium. Mr. Fernandez said that could be a possibility. He said it would also be

useful for a promoter that came to the stadium with a need for the staging and bleachers.

# Language for Use Clause

Deputy Attorney General Dellera said there are two legal concerns with the language:

- 1. The Stadium Authority can't agree to compensate anyone without having an appropriation.
- 2. The second issue is that \$250,000 per week is probably unenforceable as a penalty or forfeiture.

Member Marcus stated that we are not agreeing to pay the penalty – it's only if we violate it. It is within our control. The fact that EKF's bank would feel better about liquidating the damages, it is not an issue whether or not the liquidation is enforceable or not. He does not feel it is an issue – we are not going to pay it.

After a lengthy discussion, Member Marcus asked Mr. Fernandez to inquire if his bank would be satisfied with taking out the last sentence regarding liquidated damages and replacing it with a sentence saying, "you may not use our equipment for fairs and carnivals." He stated this would then solve Mr. Dellera's legal issues.

Mr. Dellera advised Mr. Fernandez, "we will remove the last sentence (the penalty clause), and define fairs and carnivals."

The Board and Mr. Fernandez clarified that the permanent improvements made to the LHPL will be available for Stadium's use outside of the scheduled fairs and carnivals. The moveable stage and bleachers will be stored at EKF's warehouse and can be made available to other promoters for a fee.

Mr. Dellera clarified with Mr. Fernandez: EKF wants exclusive use for fairs and carnivals, and in exchange for that, the stadium will have the right to use these various five items: the fence, the post, footings, transformers and all the plumbing without cost for other events; and eventually the permanent bathrooms (comfort stations). After ten years it becomes the unencumbered property of the stadium.

Mr. Dellera requested that Mr. Fernandez provide him with a definition of "fairs and carnivals."

Mr. Fernandez stated in the future, if the plumbing is dug up with the rail system work, they would be installing new things, such as transformers that will also remain as assets of the stadium.

Stadium Manager said we want this partnership to continue. He clarified the following:

- 1. Our main objective is to secure the ten-year contract.
- 2. The contract will not restrict us from doing business on stadium property the way we see fit; and it is also my understanding that it only pertains to fairs and carnivals at the Lower Halawa Parking Lot; and, we are allowed to have fairs and carnivals inside the stadium.

The Board inquired and it was agreed that EKF will work out their dates of events during the ten years with stadium management.

A MOTION WAS MADE BY MEMBER MARCUS AND SECONDED BY MEMBER OYADOMARI TO APPROVE THE REQUEST BY E.K. FERNANDEZ AND DIRECT THE STADIUM MANAGER AND LEGAL COUNSEL TO WORK OUT A TEN-YEAR AGREEMENT, TO INCLUDE THE FOLLOWING:

- 1. EXCLUSIVITY OF FAIRS AND CARNIVALS ONLY IN THE LOWER HALAWA PARKING LOT;
- 2. INCLUDE THE DEFINITION OF FAIRS AND CARNIVALS (PROVIDED BY EKF);
- 3. THE STADIUM WILL HAVE USE OF THE IMPROVEMENTS FOR EVENTS, OTHER THAN FAIRS AND CARNIVALS;
- 4. REMOVAL OF THE LAST SENTENCE (PENALTY) OF THE PROPOSED EXCLUSIVITY CLAUSE.

THE MOTION CARRIED UNANIMOUSLY.

B. Stadium Repair Work – Update on the progress of the stadium repair project.

Chairman Chong Kee received a report from Comptroller Russ Saito that the Legislature approved \$25.6 million for stadium repairs. Discussion on the Structural Certification Study and Stadium Environmental Assessment will take place at next month's meeting.

# V. NEW BUSINESS – DISCUSSION AND APPROPRIATE ACTION

A. Budaring (c/o Euro Pacific Connections)

Presentation on a Go-Kart Race Track at the stadium

A presentation was made by Frank Gombar, a realtor, representing Euro Pacific Connections (European company) which is requesting to establish a go-kart race tack at the LHPL. Provided a brief description:

- 1. Portable tracks (80%) removable during conflicting events;
- 2. Permanent fixtures (20% lighting, snack bars, ticket office, etc.
- 3. Hours of operation: 9:00 a.m. 9:00 p.m. 6-7 days per week;
- 4. Requesting long-term lease

Member Kane stated he was not in support of this event due to the neighborhood's sensitivity to noise; the wear and tear of the lot; the uncertainty of a new stadium; the long term contract with EKF; and the rail system. The Board was in agreement with Mr. Kane's statement.

Chairman Chong Kee thanked Mr. Gombar and informed him that the Board has declined his request and suggested that he research other locations.

VI. APPROVAL OF EXECUTIVE SESSION MINUTES FOR THE MAY 5, 2008 SPECIAL MEETING

ON A MOTION BY MEMBER MARCUS TO ACCEPT THE EXECUTIVE SESSION MINUTES OF THE MAY 5, 2008 SPECIAL MEETING, AND SECONDED BY MEMBER TAMAYOSE, THE BOARD UNANIMOUSLY APPROVED THE MOTION.

VII. NEXT MEETING

SPECIAL MEETING – JUNE 19, 2008

VIII. ADJOURNMENT

1:25 P.M.

EVIN CHONG KEE

Chairman

Recorded by:

Diana Ho

Approval Date:

June 26, 2008